



California Public Employees' Retirement System
Health Plan Administration Division
P.O. Box 1953
Sacramento, CA 95812-1953
TTY: (877) 249-7442
(916) 795-0041 phone • (916) 795-1513 fax
www.calpers.ca.gov

Agenda Item 3

October 18, 2011

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. **SUBJECT:** Health Plan Contract Innovations (Pilots) and Data Analysis Projects Update
- II. **PROGRAM:** Benefit Programs Policy and Planning
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

In April, 2011, CalPERS staff reported on a number of ongoing health plan contract innovative pilots, and data analysis projects designed to inform and improve services to its members. In September, 2011, CalPERS reported on its four wellness pilots. Anthem Blue Cross, Blue Shield of California and Kaiser Permanente Medical Group made presentations to the Board on the status of each employer sponsored worksite wellness pilots. This agenda item provides information on other ongoing research projects.

Contract Innovations: Disease Management

“Priority Care (formerly Ambulatory Intensive Care Unit) Pilot,” Anthem Blue Cross: The focus of this CalPERS pilot, which is being conducted in cooperation with the Pacific Business Group on Health (PBGH), is on a comprehensive care management model that integrates medical care for the most complex medical needs of CalPERS members residing in Humboldt County. Priority Care is modeled after similar successful pilot programs described by PBGH Medical Director Arnie Milstein, MD in Health Affairs Blog¹. Comparable programs, including one implemented by PBGH member Boeing in Seattle, improved care and reduced costs by as much as 15-20 percent.

The Priority Care pilot is designed to manage the top 20 percent of its most medically complicated patients through dedicated nursing care managers within the Primary Care Physician's (PCP) office to improve coordination of care and health outcomes. As opposed to an Health Maintenance Organization (HMO) model, in the Preferred Provider Organization (PPO) environment, a member may not have an identified PCP. The "attribution" of each member to a PCP is

¹ Arnold Milstein and Pranav P. Kothari, "Are Higher-Value Care Models Replicable?" Health Affairs Blog, October 20, 2009, at <http://healthaffairs.org/blog/2009/10/20/are-higher-value-care-models-replicable/>

critical for programmatic and fiscal reasons. Additional pre-implementation activity included analysis between Anthem Blue Cross and the Humboldt IPA to identify the diagnosis scores for the patients, pharmacy data from our pharmacy benefit management company, development of data exchange agreements to accomplish the legal interaction of different stakeholder data exchange, and development of a financial model and mechanism to fund two case managers who would supervise the care of the targeted 520 pilot members residing in Humboldt county. In July, the Humboldt IPA conducted outreach to these members. To date, 104 have enrolled and are receiving on-going high intensity case management and coordination of care.

A full report is scheduled for the November, Health Benefits Committee Meeting.

“Pharmacist Care for Diabetes Pilot,” Blue Shield of California: This pilot explores greater use of Raley’s pharmacists in improving member medication compliance for those with controlled Type II diabetes. Blue Shield identified and actively engaged member participation. Member enrollment activities began the end of July 2010, and the first member consultation began September 2010. To date, 38 members are enrolled in the program and 53 had initial consultations. The last member was enrolled in July 2011. Consultations will continue through July 2012 to allow members to complete 5 required visits over 12 months. The original plan was to have 150 active participants in the pilot to meet the University of California, San Francisco study design requirements. The low participation reflects a combination of members no longer eligible for CalPERS, and challenges of member, provider and pharmacist engagement. Although the actual number of active participants is lower than the original threshold for the study design, Blue Shield will still be able to assess clinical outcomes for those who are participating.

Contract Innovations: Service Delivery

“Value Based Purchasing Design,” Anthem Blue Cross: In June, 2010, the CalPERS Board approved the Value Based Purchasing Design for hips and knees. For 2011 to date, the number of surgeries performed at facilities that charge below the benefit threshold was 6.8 percentage points higher once the program was in place. The average paid amount per surgery was 26.5 percent lower during the pilot than it was the prior year, which resulted in savings of approximately \$2.3 million in 2011 from the 2010 baseline period.

See Attachment 1 for Contract Innovations details.

Data Analysis Projects: Disease Management

“Influence of Consumer Cost Sharing on Use of Biopharmaceutical Drugs for Rheumatoid Arthritis,” University of California, Berkeley: Draft publication received September 1, 2011. This study examines cost sharing structures, high cost drug therapies and the impact of cost on member selection of drug administration alternatives. This project will be completed by December 2011.

“Potentially Avoidable Complications (PAC) Analysis,” University of California, San Francisco: Draft report due to CalPERS, November, 2011. This analysis will determine patterns of PACs among the 345,000 members in CalPERS self-funded PPO plans and will examine ways to decrease the occurrence of PACs. A full report is scheduled for the November, Health Benefits Committee Meeting.

Data Analysis Projects: Prevention

“California Endowment Preventive Study,” Urban Institute: On September 13, 2011, the Urban Institute released its draft report to CalPERS research staff for review and comment prior to publication. The study, entitled “Expenditures on Preventable Chronic Illness in The CalPERS Population,” examines risk adjusted cost and data from CalPERS, salary data from the State Controller’s office and ethnicity data to identify the costs associated with preventable chronic conditions. Analyses within the report are designed to estimate the burden of preventable disease on the CalPERS system and describe the distribution of that burden by demographic characteristics across geographic areas, for employees within state government and across the CalPERS health plans. We believe that this report will provide a reasonable basis on which targeted wellness programs could be developed for State employees. A full report on the study findings will be presented at the November, Health Benefits Committee Meeting.

Data Analysis Projects: Service Delivery

“Research Study on Long-Term Care Insurance,” required under AB 1643 (Ch. 724 Stats. 2006): This is a statutorily required study conducted by the University of California, Berkeley, Sonoma State and the Health Incentives Improvement Project (CHIIP). The study explores the feasibility of expanding the current CalPERS Long-Term Care Program to provide coverage to additional public employees and retirees with disabilities. The member survey portion of this study is expected to be completed by December 2011.

“High Performance Network Study,” Stanford University: Using data from the Health Care Decision Support System and the State Controller’s Office, university researchers will examine how the introduction of high-performance networks affects healthcare costs; additionally, how consumers choose between

plans and how insurer-provider negotiations change as a result of the networks. Data analysis is currently underway.

See Attachment 2 for Data Analysis Projects details.

V. STRATEGIC PLAN:

This directly relates to Goals X, XI, and XII of the Strategic Plan which state:

- “Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.”
- “Promote the ability of members and employers to make informed decisions resulting in improved lifestyle changes and health outcomes.”
- “Engage and influence the healthcare marketplace to provide medical care that optimizes quality, access, and cost.”

VI. RESULTS/COSTS:

This is an information only item.

KATHY DONNISON, Chief
Health Plan Administration Division

ANN BOYNTON
Deputy Executive Officer
Benefit Programs Policy and Planning

Attachments